+------------------------------------------------+

| 2-of-2 multi-sig funding tx confirmed on-chain |

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| +---------------------------------------------------------------------------+

\--| your version of the commitment transaction that you are holding off-chain |

+---------------------------------------------------------------------------+

| | | |

| | | |

\* \* | | output with my balance

| | | \--------------------------> I can spend it immediately upon you broadcasting this tx

| | |

\* \* |

| | |

| | |

\* \* |

| | | ,-> you can spend it one day after you broadcast this tx

| | | output with your balance / (expected outcome)

\* \* \---------------------------<

| | \

| | `-> I can spend it if you broadcast this tx and I have the revocation key

\* \* (punish breach outcome)

| |

| |

\* \*

| | ,-> you can spend it one day after you broadcast this tx

| | / (expected outcome)

\* \* ,-- if the absolute timelock expires ---<

| | your payment to me / (refund to you) \

| \-------------------< `-> I can spend it if you broadcast this tx and I have the revocation key

| (HTLC output) | (punish breach outcome)

\* \

| `-- I can spend it if you broadcast this tx and I have the secret payment preimage

| | (expected outcome)

| \

\* `- I can spend it if you broadcast this tx and I have the revocation key

| (punish breach outcome)

|

\*

|

| ,-> you can spend it one day after broadcasting this tx

\* / (expected outcome)

| ,-- if you have the secret payment preimage -<

| my payment to you / \

\----------------------< `-> I can spend it if you broadcast this tx and I have the revocation key

(HTLC output) | (punish breach outcome)

\

`--> I can spend it if the absolute timelock expires (refund to me)

|

\

`--> I can spend it if you broadcast this tx and I have the revocation key

(punish breach outcome)